STAT

ARTICLE APPEARED
ON PAGE A T/2

NEW YORK TIMES 24 MAY 1979

STAT

SOVIET TRUCK PLANT LINKED TO MILITARY

Project That U.S. Concerns Helped
Build Is Reported to Produce

Some Engines for Army

By RICHARD BURT Special to The New York Times

-WASHINGTON, May 23 — United States intelligence officials said today that a Soviet truck-manufacturing plant built with American help was producing engines for military vehicles:

According to the officials, a Central Intelligence Agency officer, testifying at a closed hearing of the House Armed Services subcommittee, confirmed a secret Government report that said some of the 50,000 diesel engines produced annually at the truck plant were being installed in military vehicles.

The witness Hans Heymann, who is the C.I.A.'s national intelligence officer for political and economic affairs, did not say how many of the diesel engines were being diverted for military use.

Officials of the Defense Department and the Commerce Department said the apparent production of the engines for military use did not violate any existing trade understanding. They also said that the equipment sold to the Soviet Union for the construction of the truck plant had been considered to pose no significant security risks to the United States.

Debate Over Export Licensing: Oligi

The disclosure comes in the middle of a debate on Capitol-Hill over proposed amendments to the 1969 Export Administration Act that would modify procedures for approving the sale of industrial goods to the Soviet Union. Critics of the amendments said Mr. Heymann's testimony demonstrated the risks of loosening restrictions on the transfer of technology. ... The truck plant, which is located on the Kama River at Naberezhnyye Chelny, 500 miles east of Moscow, was designed to produce 150,000 trucks and 250,000 engines a year when completed. The first stage of the plant that has been completed assembled its first trucks in 1976 and, according to Soviet plans, is scheduled to turn out 70,000 trucks this year. About 30 percent of the plant's equipment is said to have been purchased from American concerns, including International Business Machines Corporation, Swindell-Dressler Coompany of Pittsburgh and Ingersoil-Rand of Rockford, III. The equipment consists of \$500 million worth of machine-tools, computers, foundries and industrial designs

U.S. Expected Some Military Use

Pentagon officials have said that, while the United States recognized that the complex could be used for military purposes, the sales had been approved on the assumption that the plant would be used mainly to produce civilian trucks.

But the Defense Department officials acknowledged that the American Embassy in Moscow, in a report to Secretary of Defense Harold Brown in March, said that, in line with Soviet practice, the plant was being used for both civil and military production.

The embassy report, which was obtained by The New York Times, said that a team of Ingersoll-Rand engineers had visited the plant earlier this year and later told embassy officials: "From what we saw, it appears that many of the engines are going into military trucks and other military vehicles, such as armored personnel carriers and assault vehicles." "In approving the sales, our basic consideration was that if we did not make the sales, other Western nations would," a Pentagon official said.

Nevertheless the reports of military production have fostered opposition in the House to the amendments to the Export Administration Act, which are being offered by Representative Jonathan B. Bingham, Democrat of New York, and others. The amendments would speed the process of approving export licenses by no longer requiring the Commerce Department to approve sales on a case-by-case basis. Similar legislation is being sponsored in the Senate by Adlai E. Sievenson, Democrat of Illinois.

Wolff Offers Own Amendments The

The legislation is criticized by some members of Congress who maintain that easing the granting of export licenses could work to enhance Soviet military potential. As a result, Representative Lester L. Wolff, Democrat of New York, and others are supporting their own amendments giving the Defense Department a larger role in the licensing process and restricting basic technologies that could be exploited for military ends.

So far, the Administration's position on the amendments is unclear. Secretary of Commerce Juanita M. Kreps is known to be pressing for fewer controls, but she is being resisted by officials in the Defense-Department and in the White House who would like to use trade as a lever in relations with the Soviet Union.